

To: School Food Authorities

Subject: Question and Answers from USDA/State Agency from the February 4, 2020
Procurement Training

1. Cost/Price Analysis

Question: The SFAs do not want to include the cost/price analysis in bids. They want to provide an estimated number of each product that will be purchased. 2 CFR 200.323 Contract cost and price does not include this requirement. Would it be allowable to just provide prospective vendors the number of cases, etc. that are needed and not put an estimated total value in the solicitation?

Answer from USDA: 2 CFR 200.323 mentions performing a price/cost analysis but it doesn't necessarily mean it has to be included in the solicitation. The SFA should do a cost/price analysis and keep it on file as well as include this in their procurement plan for conducting formal bidding. Even though it is not required to be in the solicitation it would be a best practice. Any information that an SFA can add to the contract (whether that be meals served for last year, the amount spent on groceries etc..) only adds to the scope of the contract and gives the vendor a better idea of what they are bidding on.

2. Contract Renewals

Question: If you indicated in your bid that you may renew a contract with a vendor and you have added goods or quantities to the initial contract (the 5-10% allowed, during the first renewal year, can you also add the 5-10% in the second renewal year?

Answer from USDA: No. This would be a one- time addition to the contract.

3. Quotes for On-going purchases at grocery stores or Amazon, etc. Example baby food, supplements

Question: In the Procurement Do's and Don'ts webinar, it states that you don't have to get quotes each and every time if one vendor is always less expensive but you would periodically check to make sure they remain the least expensive.

Answer from USDA: The quotes should be obtained each time you purchase. Items may be "on-sale" or price changes may have occurred.

4. SNA Credentialing Exam and payment for Level Certification

Question: Are these allowable expenses?

Answer from USDA: Yes.

The costs of the SNA certificate and exam are allowable uses of federal child nutrition program funds. Given the current cost of the exam and certificate and that they are a part of the credentialing process these costs are reasonable, allocable, and necessary as the exam and credentialing evaluates the staff member's knowledge and skills required to perform job activities related to managing or directing school nutrition programs. The certificate in turn provides evidence that this knowledge has been demonstrated.

5. Sole Source Procurements

Question:

2 CFR 200.320(f)(3) states that noncompetitive proposals must be approved by the state agency before the item/s are purchased. Is State Agency approval needed for procurements when they have "sought" the required number of vendors to bid on the procurement?

Answer from USDA:

No. Prior State Agency approval is only needed if the SFA is claiming there is only one source available to purchase.

6. School Board Bids

Question: The School Board completes a bid for the purchase of items like computers or office supplies. When the Child Nutrition program needs these items, the School Board bills the SFA for the items and it is paid for out of SFS funds. The bids would typically meet State Requirements but not necessarily Federal Requirements. Is this allowable?

Answer from USDA:

No. The procurements must meet the same federal guidelines as if the SFA procured.

7. Formal Bid for Produce

Question: The SFA is doing an annual bid for produce and the vendor provides a new price sheet every 4-6 weeks. The vendor is allowed to change prices if there is a significant change but it is tied to the CPI or AMS, as well as documentation from their suppliers. Is this allowable since documentation is received that supports the price increase?

Answer from USDA: Yes

8. Small Quotes for Produce

Question: Quotes are obtained every few weeks. The estimated value for each quote is less than the \$30,000 small purchase threshold but the total for the year exceeds \$30,000. Produce prices are so volatile and most vendors don't want to bid on a yearly or every 6 month bid. SFAs state that they get better pricing utilizing small quotes.

Is this considered circumventing?

Answer from USDA: Yes. A formal procurement is needed if the total for the year exceeds the Small Purchase Threshold.

9. Question: Taxes on Non-food items

SFAs are not exempt in Louisiana on nonfood items for the Child Nutrition Programs. Only food is exempt from sales tax. In this instance, would sales tax be an allowable cost or does it need to be paid for with non-SFS funds?

Answer from USDA: It is allowable. 2 CFR 200.470 states that taxes which the non-Federal entity is required to pay and which are paid or accrued in accordance with GAAP, and payments made to local governments in lieu of taxes which are commensurate with the local government services received are allowable, except for:

(i) Taxes from which exemptions are available to the non-Federal entity directly or which are available to the non-Federal entity based on an exemption afforded the Federal Government.

10. Electronic Bidding

Question: Does the Electronic Bidding requirement apply to non-public SFAs.

Answer: From the State Agency

The electronic bid requirement is required of all Public Schools. The State Agency recommends that all SFAs provide the option for electronic bidding as the funds that are received are public dollars. If you feel that your SFA should be exempt from this requirement, consult your SFA attorney.